exploitation upon a discredited theory of value. To believe in exploitation, Dr. Baranowsky says, does not require any particular theory of value; what is required is the conviction that society can, and should, be organized more effectually for high democratic ends. "From the time when socialistic criticism of the existing order began to lean upon the theory of surplus value," he says (p. 55), "the theoretical champions of the historical iniquities became masters of the situation." Could any orthodox economist put it more cogently? But for all his rejection of Marxian, and other, exaggerations, Dr. Baranowsky remains an example of how enthusiastic a socialist may be—"a socialist though sane." Scientific economists may find something here to ponder over.

The author seems to fall into scarcely any of the fallacies which we have so often refuted in our classrooms and seminaries in the theory of value, except perhaps the fundamental one that there is almost complete lack of order in the prevailing economic system. But this fallacy can rather easily be forgiven in one whose passion it is to see the "order" more consciously directed toward moral ends; perhaps some of us have been guilty at times of overstressing the orderliness of things as they are. We should feel grateful that Ricardo is not saddled with the errors rightfully attributed to Marxians—before and after Marx—and that the classical economists generally are neither distorted into own fathers of socialistic doctrine, nor castigated as stultified champions of unrighteousness. Might it be that the magnanimity of this work may be traceable to its having originated at St. Petersburg rather than at some point nearer Berlin?

The present reviewer, from the point of view of one interested in what is and what is just about to be in socialism, and what has been and what is just about to be in economic theory, in the narrow sense—and having a cursory acquaintance with a good many books on socialism and a rather intimate knowledge of a few—ranks this book at the head of recent publications designed for the intelligent reader. It is also adapted to use as a textbook. It is a pity that it lacks an index, and a greater pity that it should be printed on such inferior paper, and should contain no less than half a hundred typographical errors.

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History of Taxation in Iowa. By JOHN E. BRINDLEY. Iowa Economic History Series, edited by BENJAMIN F. SHAMBAUGH. Iowa City: State Historical Society of Iowa, 1911. 8vo, 2 vols., pp. xvii+494 and ix+476.

The growth of state and municipal expenditures in recent years has drawn public attention more and more to problems arising from the inequalities of existing tax systems; and interest in this topic has been increased by numerous reports of public officials, magazine articles, and more pretentious works on the subject. If there is to be a continued increase of the burdens of taxation a more equitable distribution of those burdens is demanded. Nearly every state, however, has its own peculiar problems and the application of the same remedial measures in every case is, of course, impossible. Particularly timely, therefore, are examinations of the fiscal systems of the different states such as the study under consideration. The work, as its title indicates, is chiefly historical, and

naturally contains much local history and recounts a great deal of legislative procedure; while the notes and references, which are placed in convenient appendices covering 182 pages, are very complete.

The author has divided the study into four parts, the first two of which make up Vol. I, while the second volume contains the last two parts together with four appendices in which are presented comparative data on tax commissions, county assessment, and substitutes for the personal property tax. Part I traces the history of the general property tax from the territorial period to the present time. That it should have proved a failure, as the author demonstrates statistically as well as by the testimony of numerous state officials, is not surprising. The reasons assigned for its complete break-down are the planlessness and haphazard character of fiscal legislation and administrative decentralization which came in with the introduction of the township system and persist to the present day.

In Part II Professor Brindley takes up some special problems, such as the taxation of banks, public service corporations, insurance companies, inheritances, and moneys and credits. Insurance companies have been subject successively to a tax on the gross amount of premiums collected, a retaliatory tax, which the author characterizes as "cowardly" and "discriminatory," and, finally, in 1897, to a complicated tax on gross premiums imposed at different rates according to the location of the home office of the company. In 1896, express companies, which had previously been assessed under the general property tax, were made subject to an exclusive state tax on gross receipts. Four years later this law was rendered unworkable by an unfortunate court decision giving municipalities the right to tax the tangible property of the companies. A rigid system was substituted under which "express companies pay less taxes in the average city of Iowa than the owner of a modest home."

The evil effect of decentralized administration is apparent in the collection of the collateral inheritance tax which, owing to *ex-officio* supervision by judicial officers, is but indifferently successful. Passing over the subjects of poll and license taxes, tax limitations, and tax exemptions in brief chapters the author proceeds to a lengthy discussion of the assessment of moneys and credits and the "tax-ferret" system which is employed extensively to discover and place on the tax rolls unlisted intangible property. The effectiveness of these ferrets in certain localities may be judged from the fact that in one county in the years 1900 to 1909, inclusive, $295,417 was collected through their efforts. Regardless of the fact that moneys and credits when discovered are liable to taxes that are confiscatory, the author holds that an abandonment of the system would be a step in the wrong direction (p. 355).

The history of railway taxation is covered in a most thorough manner in Part III. Shares in railways were at first assessed the same as other property, but in 1862, owing to fiscal needs, a gross-earnings tax was imposed. In 1872, however, wishing to avoid municipal taxation on their terminals, the companies combined with the representatives of the rural townships in the general assembly to secure a law requiring unit valuation by a state board composed of the governor, the treasurer, the auditor, and the secretary of state. The values ascertained by this board are distributed to the local taxing districts on the basis of the railway mileage within their jurisdictions. This *ad valorem* system is still

in effect. It has two defects: The roads are taxed relatively less than other property; and the distribution is unfair to terminal cities which must protect the property of the companies and yet can collect only insignificant amounts in taxes on the mileage apportionment basis. On the other hand, one out of every five of the taxing districts in the state, chiefly rural townships, receives enough from the railroads to offset its state tax.

In the final chapter on general conclusions the author accepts the theoretical soundness of the general property tax by saying that it is no better, and no worse, than the administrative machinery with which it is assessed, levied, and collected (p. 174). Radical changes, such as the abandonment of the tax on mortgages, are to be avoided. And the *sine qua non* of real progress is fiscal centralization which is to be accomplished through county assessment and a permanent state tax commission. In short, the governmental machinery is more in need of reform than are the different taxes now employed.

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Banking Reform in the United States. By O. W. M. Sprague. Cambridge: Harvard University, 1911. 8vo, pp. 176. $1.00.

The four chapters of this book are reprints of the same number of articles from the *Quarterly Journal of Economics* for May, 1909, and February, August, and November, 1910. Of these only the first has undergone any considerable revision.

The first chapter presents a suggestive contrast of banking conditions and methods in the United States with those in European countries, the author contending that the notoriously decentralized system of this country precludes the successful adoption of a financial institution which, like the central banks of Europe, would attempt to exercise control by virtue of an enormous lending power.

In the second chapter Professor Sprague advances a number of proposals looking to a strengthening of the existing banks. These include the segregation of true savings deposits, which may be invested in mortgage loans; a modification of the present reserve policy; and the provision that the issue of clearing-house certificates should be conditional upon the equalization of reserves.

Passing, in the third chapter, to a consideration of note issues, the author emphasizes the "harmlessness of bond-secured notes," and attributes their inelasticity to the practice of paying interest on bankers' deposits. Potential dangers, however, make a change desirable, and as the author says, "It would be no small gain to have severed the entangling alliance between government bonds and currency." Professor Sprague suggests two reforms: the authorization of an asset currency of limited volume, and a simple, but what he believes would prove an effective, modification of the method of paying interest on bankers' deposits.

In his concluding chapter the author has outlined a plan for a central bank of limited scope. The proposed institution would partake very largely of the nature of a central clearing-house, with power to make advances to banks whose reserves have been depleted. The author also suggests that it should